

27 SEP 1983

OLL 83-2292

MEMORANDUM FOR: Harry Fitzwater
Deputy Director for Administration

James McDonald
Assistant Deputy Director for Administration

FROM:

[Redacted]
Legislation Division, OLL

STAT

SUBJECT: H.R. 3790 and H.R. 3800 -- Legislation to
limit/eliminate COLA adjustments under
CIARDS and Civil Service retirement.

1. Attached for your review and comment are two recently introduced bills, H.R. 3790 and H.R. 3800, to amend cost-of-living adjustments ("COLA") provided under certain federal entitlement programs, including CIARDS and Civil Service retirement. Both bills would also amend the COLA provision of the Internal Revenue Code ("IRC").

2. Representative James R. Jones (D., OK), the Chairman of the House Budget Committee, introduced these bills on 4 August 1983. They were referred jointly to the Committees on Ways and Means and Government Operations (Subcommittee on Legislation and National Security) where both bills are pending with no action scheduled. By letter to the DCI dated 14 September 1983, the Chairman of the House Government Operations Committee, Jack Brooks (D., TX), requested the views of the CIA concerning these bills.

3. H.R. 3790 would limit COLA benefits under CIARDS and Civil Service by requiring that the index used to calculate these benefits be reduced by 2 percent. H.R. 3790 would also make similar changes to provisions in the IRC that provide COLA for the individual income tax rates and the personal exemption, requiring that COLA calculations reflect a 2 percent floor and be based on a comparison of the average Consumer Price Index ("CPI") for the two preceding years rather than the average CPI for the last preceding year and 1983, as is the case in present law.

4. H.R. 3800 would abolish COLA benefits under CIARDS and Civil Service as well as other specified federal entitlement programs. Similarly, H.R. 3800 would repeal the recently enacted provision in the IRC that provided COLA for the individual income tax rates and the personal exemption.

5. I would appreciate your views on these bills so that our office may prepare an appropriate letter in response to Chairman Brooks.

STAT

STAT

Attachment

Distribution:

cc:

1 - ROD Signer
1 - OLL Chrono

Liaison Division

1 - IEC File: Personnel Issues Generals (98th)